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State Department review completed

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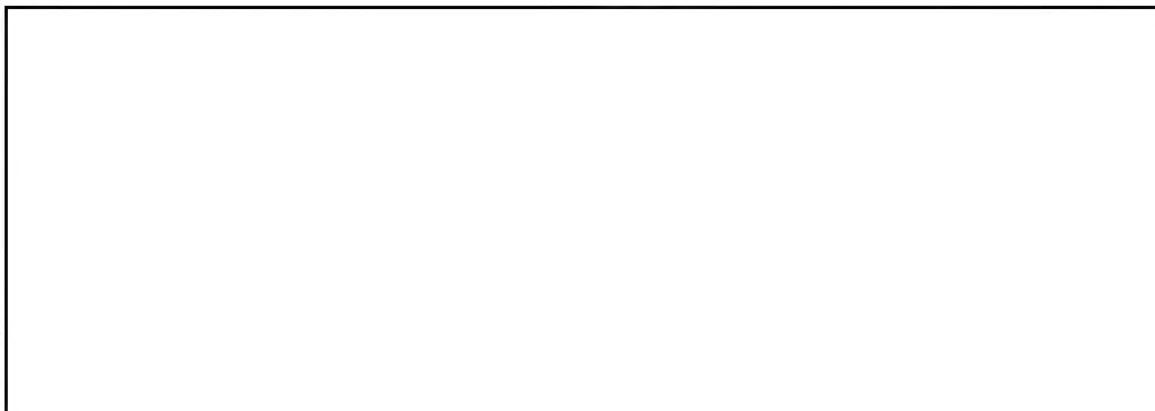
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GENERAL**1. Comment on additional Soviet conciliatory moves:**

Soviet conciliatory moves continue to appear, suggesting a new tactical approach to numerous cold war problems.

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On 31 March an official of the Norwegian Embassy in Washington received a second Soviet assurance of the sincerity of Chou En-lai's peace proposal from a member of the Soviet Embassy. General Chuikov on 1 April invited the American and French High Commissioners to join the British in the Berlin Conference on the air corridor incidents.

In the UN, the Soviet Union has opened the way to discussion of the disarmament question, and Vyshinsky expressed the hope that the current session would promote further useful results which could strengthen the UN and improve friendly relations of all nations.

The new Communist tactics appear designed to open negotiations on some outstanding East-West issues. The tactics are also probably intended to disrupt the anti-Communist coalition by conciliatory moves during the period in which the new regime consolidates its position.

2. Britain views current Soviet proposals as tactical, but genuine:

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The British Foreign Office regards the recent Soviet and Chinese proposals as genuine, and believes that the present Soviet regime may be seeking a period of relaxed East-West tension.

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London sees no reason to think that there has been any change in basic Soviet objectives, but considers that if the new Kremlin leaders are actually trying a more flexible foreign policy, they may be prepared to make some real concessions.

The American Embassy in London notes that the "peace" moves are having a substantial impact on British public opinion.

Comment: There is no indication that the British are concerned over the possibility that the USSR may be trying to divide the Western allies.

SOUTHEAST ASIA

3. Burma to control rubber exports in deference to UN resolution:

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According to a cabinet minister, Burma's decision on 1 April to establish export controls on rubber and other strategic materials was taken because the government felt that it should abide by the UN embargo resolution in view of its pending appeal on Chinese Nationalist aggression. The controls will apply to an order for rubber placed by Peiping with a Burmese firm on which 5,000 tons have not yet been shipped.

Comment: The Burmese Government has cited its neutral foreign policy as justification for its refusal to interfere with the shipment last week of 1,500 tons of rubber to China.

The Burmese decision to observe the UN embargo should strengthen Indonesia's intention not to accept a rubber-rice deal offered by Peiping.

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NEAR EAST - AFRICA

4. Iraq rejects Turkish proposal to establish MEDO without Egypt:

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Iraq has sent a "definitely negative" reply to Turkey's proposal of 28 February to join it in establishing MEDO without Egypt, according to the Turkish Foreign Office.

Iraqi Minister of Defense Nuri Said has told the British Ambassador in Baghdad, however, that Iraq will not wait indefinitely for Egypt.

Nuri declared that in any case Iraq wants US funds now to purchase British arms as part of a military aid program similar to Turkey's before the latter joined NATO. Iraqi forces could later be integrated into a Middle East defense organization.

Comment: Evidently General Nuri, who favors Arab-Western defense planning on the basis of the Arab Collective Security Pact, is not yet prepared to challenge either Arab popular opinion or Egyptian leadership by moving ahead of Egypt on MEDO.

WESTERN EUROPE

5. Comment on reported change in Soviet line on Trieste:

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[redacted] possibility of a change in the Soviet line on Trieste, which until now has been support of the establishment of an Independent Free Territory as provided for by the Italian Peace Treaty. [redacted] Trieste Communist leader Vidali told an Italian newspaperman on 24 March that "Russia would not oppose the move" if Italy obtained a reaffirmation of the 1948 Tripartite Declaration from France, Britain, and the United States. On the same day an Italian newspaper reported that Togliatti, Italian Communist chief, had returned from Moscow with information that Russia accepts the Tripartite Declaration.

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Neither of these men would necessarily have foreknowledge of a change in Soviet policy, and dissemination of such rumors may be merely an attempt to gain votes for the Communists in the forthcoming Italian elections. Nevertheless, such a shift by the USSR would embarrass the Western governments, which no longer consider implementation of the declaration feasible, and would appeal to Italian irredentist feelings.

LATIN AMERICA

6. Prospects for amicable settlement of Deception Island affair considered poor:

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The Chilean Foreign Ministry informed the American Embassy on 1 April that the latest British note on the Deception Island affair "ends any hope for an amicable settlement."

The Foreign Ministry sees no other recourse than to invoke the 1947 Rio de Janeiro Treaty "to see what the Organization of American States (OAS) is worth." For the time being Chile will limit itself to such action.

Comment: Formal introduction of this issue into the OAS could be embarrassing to the United States.

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Guatemala on 23 February expressed solidarity with Argentina and Chile, 

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